

# Marketing Advertisement Fundamentals

## 1321 MRKT

### Electronic marketing diploma

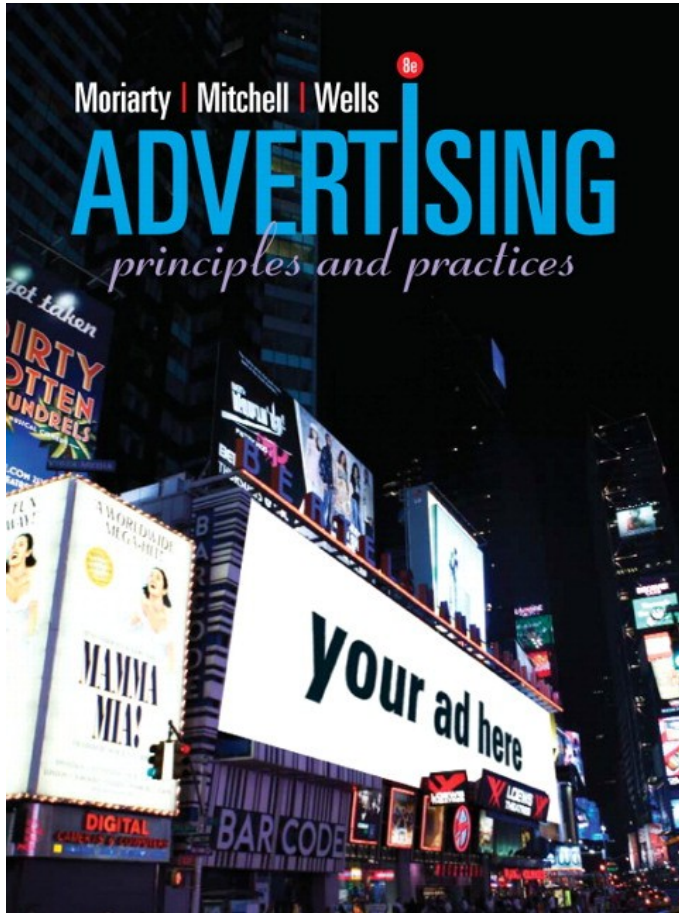
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Advertising-Principles-and  
Practices

1

CHAPTER

# Introduction



- Provides an introduction to advertising—its role, key players, and history
- Defines advertising's role in marketing including key players and new developments
- Examines advertising's relationship to society including regulations and ethics in advertising

# Questions We'll Answer

- What is advertising and what are its key components?
- What are advertising's main roles, and what are the most important types of advertising?
- Who are the key players in advertising?
- How has advertising evolved, and how have these developments affected current advertising practice?



- What was the purpose of this campaign?
- What was the message?
- What media did this campaign use?



# Defining Modern Advertising

- A complex form of communication using objectives and strategies to impact consumer thoughts, feelings, and actions.
- A form of ***marketing communication*** (all the techniques marketers use to reach their customers and deliver their messages).

# Defining Modern Advertising

## The Evolution of Advertising

- Identification
  - Simple images found in ancient Babylonia, Egypt, Greece, and Rome identified a business, manufacturer, or store.
- Information
  - Gutenberg's movable type mechanized printing leading to mass communication.
- Promotion
  - The Industrial Revolution led to surplus goods, improved transportation, and the need for new media.
- Sales
  - Advertisers became concerned about making ads that worked and defining standards of effective advertising. Prentice Hall, © 2009



# Defining Modern Advertising

## Five Basic Factors of Advertising

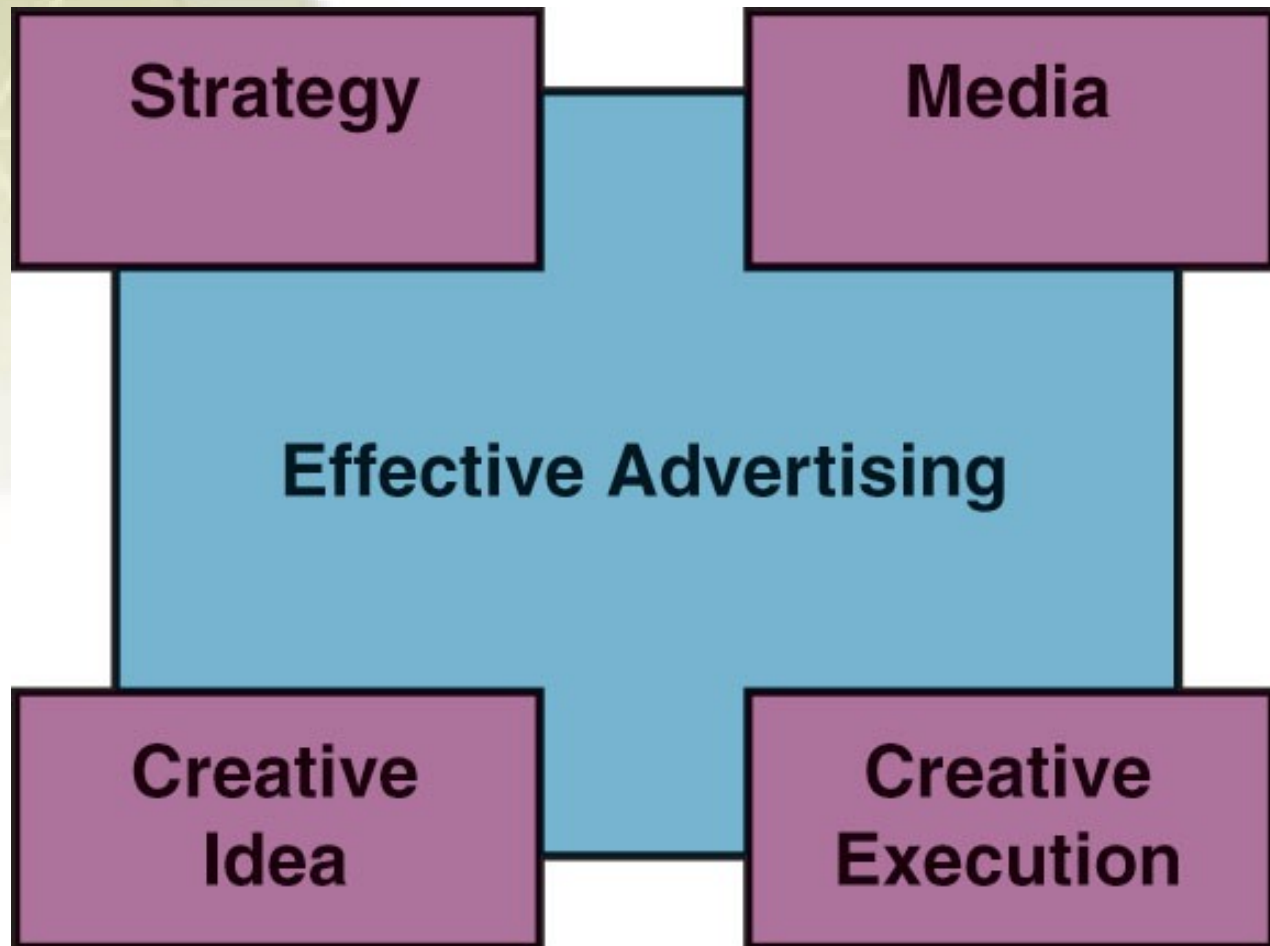
1. Paid communication
2. Sponsor is identified
3. Tries to inform or persuade
4. Reaches a large audience
5. Message conveyed through many different kinds of largely nonpersonal mass media

### **Principle:**

An effective advertisement is one that can be proven to meet its objectives.



# Four Components of Advertising

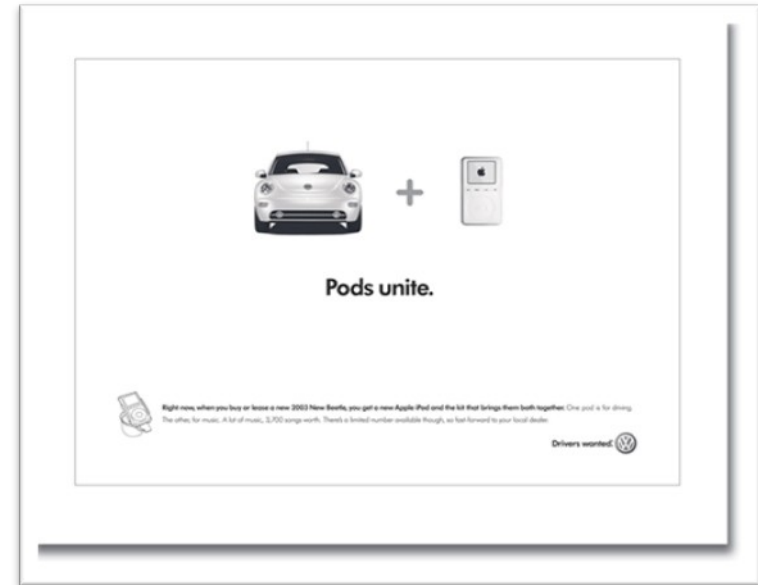




# Four Components of Advertising

## 1. Advertising Strategy

- The ***strategy*** is the logic and planning behind the ad that gives it direction.
- Advertisers develop ads to meet objectives.
- Advertisers direct ads to identified audiences.
- Advertisers create a message that speaks to the audience's concerns.
- Advertisers run ads in the most effective media.



# Four Components of Advertising

## 2. Creative Idea

- The ***creative concept*** is the central idea that grabs the consumer's attention and sticks in memory.
- Planning strategy requires creative problem solving.
- Research involves creativity.
- Buying and placing ads requires creative thinking.



### Think small.

Our little car isn't so much of a novelty any more.  
A couple of dozen college kids don't try to squeeze inside it.  
The guy at the gas station doesn't ask where the gas goes.  
Nobody even stores it at our shop.  
In fact, some people who drive our little

river don't even think 32 miles to the gallon is giving any great guns.  
Or using five pints of oil instead of five quarts.  
Or never needing antifreeze.  
Or racking up 40,000 miles on a set of tires.  
That's because once you get used to

some of our economies, you don't even think about them any more.  
Except when you squeeze into a small parking spot. Or renew your small insurance. Or pay a small repair bill. Or trade in your old VW for a new one.  
Think it over.



# Four Components of Advertising

## 3. Creative Execution

- Effective ads are well executed reflecting the highest production values in the industry.
- Clients demand the best production the budget allows.



# Four Components of Advertising

## 4. Media Planning/Buying

- Television, Internet, magazines, and other media are used to reach a broad audience.
- Deciding how to

deliver the message  
requires creativity

**Principle:**  
**In advertising how you say something and where you say it is just as important as what you say.**



# Four Roles of Advertising

## 1. The Marketing Role

- Marketing is satisfying customer wants and needs by providing products (goods, services, and ideas).
- The marketing department is responsible for selling the product using the 4 Ps (product, price, place/distribution, and promotion) and brand development.

### **Principle:**

A product can be services and ideas as well as goods.

# Four Roles of Advertising

## 2. The Communication Role

- Advertising is a message to a consumer about a product, designed to create a response.
- It is also a form of marketing communication.
- Advertising uses mass communication to transmit product information to connect buyers and sellers in their marketplace.

### **Principle:**

One of advertising's most important strengths is its ability to reach a large audience.

**Table 1.1**  
**Advertising**  
**Strengths**

**The Strengths of**

***Examples***

Can reach a large audience

A commercial in the Super Bowl can reach more than 100 million consumers.

Introduces products and brands

The “1984” commercial for the Apple McIntosh sold out the entire inventory in one day.

Builds awareness of products and brands

The success of the launch of the iPod was due in part to the great silhouette posters that showed people dancing to the music on their iPods.

Creates brand images

The success of the new VW Beetle was largely built on its ability to connect with the anti-status image of the original “lowly” Beetle.

Provides information

The truth® campaign informs teens that “Tobacco kills 1,200 people a day.”

Reminds and reinforces

Procter & Gamble’s Ivory Soap has been advertised continuously since the late 1800s.

Persuades

Nike campaigns, with the “Just do it” personal achievement message, have helped increase sales by 300 percent during the 1990s.

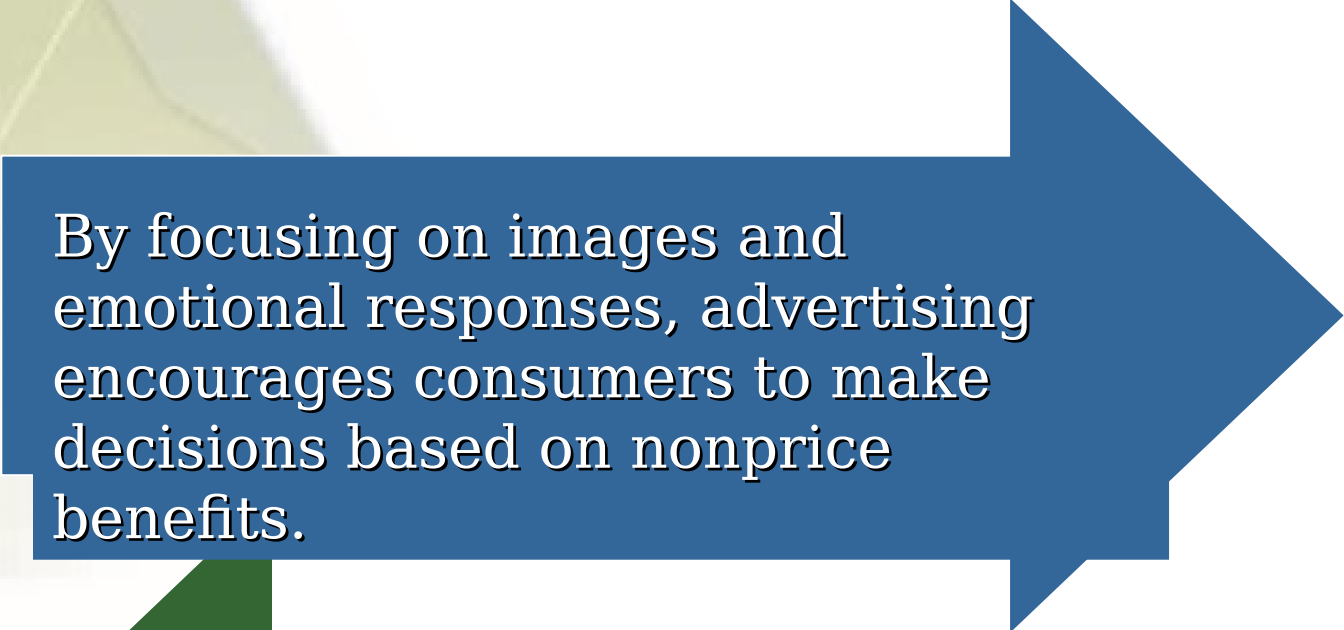


# Four Roles of Advertising

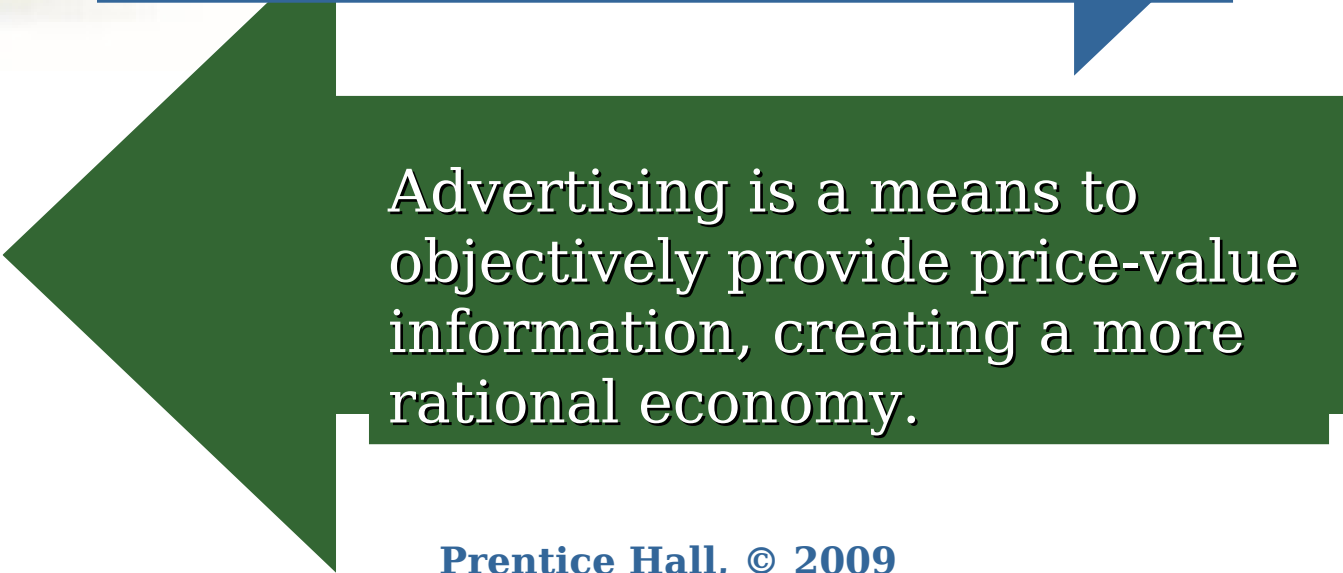
## **3. The Economic Role**

- Because it reaches large groups of people, advertising makes marketing more cost-efficient and lowers prices for consumers.
- Advertising creates a demand for a brand using hard sell (persuading) and soft sell (image building) techniques.

# The Economic Role



By focusing on images and emotional responses, advertising encourages consumers to make decisions based on nonprice benefits.



Advertising is a means to objectively provide price-value information, creating a more rational economy.

# Four Roles of Advertising

## 4. The Societal Role

- Informs consumers about innovations and issues
- Helps us compare products and features
- Mirrors fashion and design trends
- Teaches consumers about new products and how to use them
- Helps shape consumer self-image
- Facilitates self-expression through purchases
- Presents images about diversity in our world

# Types of Advertising

- Brand Advertising
  - Focused on long-term brand identity and image
- Retail or Local Advertising
  - Focused on selling merchandise in a geographical area
- Direct Response Advertising
  - Tries to stimulate a sale directly
- Business-to-Business
  - Sent from one business to another



## Principle:

All types of advertising demand creative, original

messages that are strategically sound and well executed.

# Types of Advertising

- Institutional Advertising
  - Focused on establishing a corporate identity or winning the public over to the organization's point of view
- Nonprofit Advertising
  - Used by nonprofits like charities, associations, hospitals, orchestras, museums, and churches for customer, members, volunteers, and donors
- Public Service Advertising
  - Usually produced and run for free on behalf of a good cause



"Your child has leukemia." The most devastating news a parent could hear. It used to mean there was little chance of survival. Now, 80 percent of kids diagnosed with leukemia not only survive—but lead normal lives. How? New breakthrough medicines, discovered and developed by pharmaceutical company researchers, have given many leukemia patients and their parents a second chance. The new medicines our researchers are discovering are giving families hope—and patients a chance to be kids again.

**America's Pharmaceutical Companies**

*Leading the way in the search for cures.*

[www.searchforcures.org](http://www.searchforcures.org)

# The Key Players: the Advertiser

- Wants to send out a message about its business
- Initiates effort by identifying a problem that advertising can solve
- Selects the target audience, sets the budget, and approves the ad plan
- Hires the agency
  - Agency of record (AOR) does the most business; manages other agencies



# Top Ten U.S. Advertising Categories

<i>Category</i>	<i>Total ad spend in 2006 (millions)</i>	<i>Total ad spend in 2005 (millions)</i>	<i>Percentage change from 2005</i>
Telecom	\$9,431.1	\$8,550.5	10.3%
Auto, non-domestic	8,726.7	8,832.8	-1.2
Local services and amusements	8,687.0	7,879.2	10.3
Financial services	8,681.8	8,508.8	2.0
Miscellaneous retail*	8,322.9	8,258.0	0.8
Auto, domestic	7,615.2	8,625.1	-11.7
Direct response	6,376.1	6,087.0	4.7
Personal care	5,717.2	5,654.1	1.1
Travel and tourism	5,406.4	5,486.1	-1.5
Pharmaceuticals	5,285.4	4,645.8	13.8



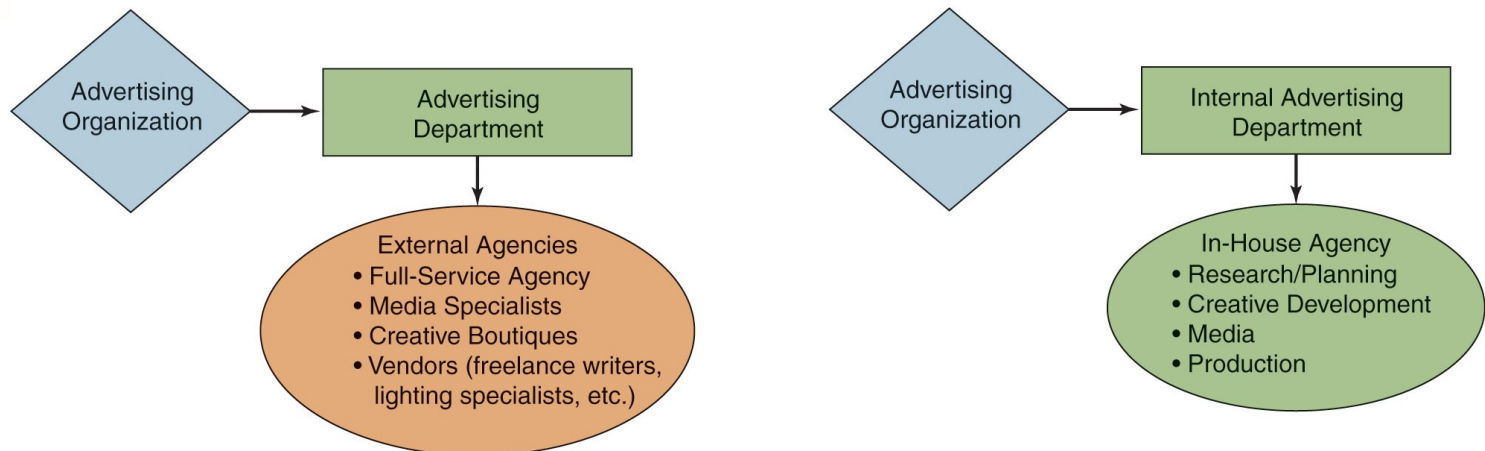
# Top Ten U.S. Advertisers

<i>Company</i>	<i>Total ad spend in 2006 (millions)</i>	<i>Total ad spend in 2005 (millions)</i>	<i>Percentage change from 2005</i>
Procter & Gamble	\$3,338.7	\$3,230.9	3.3%
General Motors	2,294.8	3,008.0	-23.7
AT&T	2,203.8	1,684.7	30.8
Verizon Communications	1,944.2	1,761.6	10.4
Time Warner	1,824.6	2,073.5	-12.0
Ford Motor Company	1,699.5	1,567.0	8.5
Walt Disney	1,430.4	1,418.3	0.9
DaimlerChrysler	1,421.4	1,591.5	-10.7
Johnson & Johnson	1,302.8	1,623.4	-19.8
News Corp	1,266.8	1,298.5	-2.4

# Key Players: Agency

- Agencies have the strategic and creative expertise, media knowledge, talent, and negotiating abilities to operate more efficiently than the advertiser.

WHEN THE ADVERTISER DOESN'T HAVE AN IN-HOUSE AGENCY      WHEN THE ADVERTISER HAS AN IN-HOUSE AGENCY



# Key Players: Media

- Media are channels of communication that carry the message to the audience
- They're vehicles, but also large media conglomerates like **Time Warner** and Viacom.

## **Principle:**

Mass media advertising can be cost effective because the costs are spread over the large number of people the ad reaches.

# Key Players: Suppliers

- Group of service organizations that assist advertisers, agencies, and the media in creating and placing ads by providing specialized services
- Artists, writers, photographers, directors, producers, printers, freelancers, and consultants



# Key Players: Target Audiences

- People to whom an ad is directed—their responses determine if advertising is effective.
- ***Targeting*** is the process of identifying the people in the desired audience.
- Interactive technology allows ads to be customized to the target audience's individual needs.



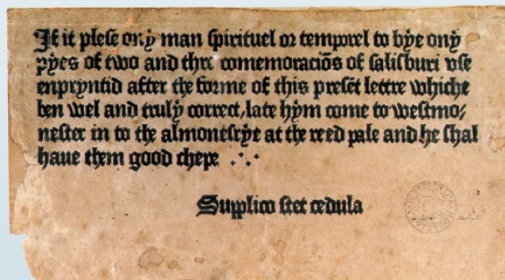
634024 Digital Vision Direct info@digitalvision.com



# The Development of Advertising

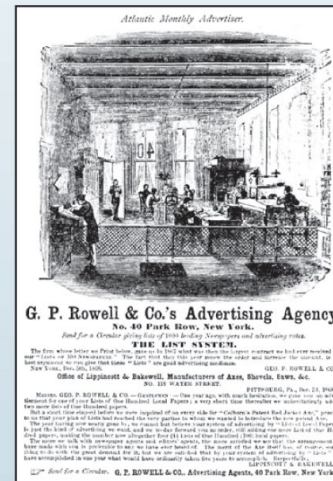
- 1441 Johannes Gutenberg creates movable type
- Mid-1400s Printed handbills
- 1472 First ad in English "Pyes of Salisbury"
- 1600s Newspapers emerge
- 1622 First ad in London's *Weekly Relations News*
- 1655 First use of the term "advertising"
- 1704 First U.S. newspaper to carry ads
- 1841 Volney Plamer becomes first ad sales agent (Boston)
- 1850 George P. Rowell becomes first ad space wholesaler (Boston)
- 1850s First branded items such as Baker's chocolate appear in stores
- 1864 J. Walter Thompson forms JWT agency; first account executive
- 1872 First Ward's illustrated mail-order catalog
- 1879 Procter & Gamble introduces Ivory Soap
- 1880s John Powers pioneers copywriting; focuses on news
- 1888 George Eastman creates first Kodak camera

## Age of Print



This early English ad, written by William Caxton in 1477, is an example of printed ads in the 15th century.

## Industrial Revolution and Emergence of Consumer Society



In this 1869 ad, George P. Rowell's Ad-Wholesaling agency used testimonial from a satisfied customer to promote the agency.

# The Development of Advertising



After WW1, "I wanted to be happy" was the call of consumer, and jazz and dancing became popular, as this ad for Victor Talking Machine Co. illustrates.





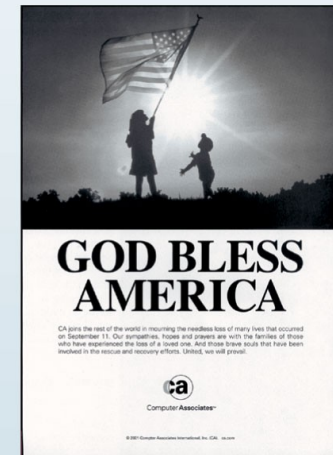
# The Development of Advertising



In the 1950s – TV becomes an important advertising medium.



Who can forget Pepsi's use of celebrity endorsements in the 1980s?



Due to the 9/11 attacks, advertising takes on a new social responsibility focus.

# Current Developments

## **The New Advertising**

- Electronic media are making advertising more intimate, interactive, and personalized.
- Advertising must evolve to keep up with technology.
- Creativity involves more than just the ad's big idea, but finding new ways to engage consumers beyond traditional mass media.

# Current Developments

## Interactivity

- ***Buzz*** is getting people to talk about the event, idea or brand.
- People contact companies by phone, the Internet, and through friends.
- Advertising must change to also become more interactive.

# Current Developments

## Integrated Marketing Communication (IMC)

- IMC means unifying all marketing communication messages and tools to send a consistent, persuasive message promoting the brand's goals.
- Stakeholders are also important in IMC.
- ***Synergy*** means messages have more impact working jointly than on their own.

# Current Developments

## Globalization

- The elimination of trade barriers in the 1990s opened huge international markets.
- Agencies are forming multinational operations to to address these markets.
- Should advertisers practice local or global advertising?



Video Snippet

Harley-Davidson talks about the foundation of a global marketing strategy. **1-34**

# Current Developments

## **What makes an ad effective?**

- Gets attention
- Creates a positive impression for a brand
- Separates the brand from the competition
- Influences people to respond in the desired way

### **Principle:**

An ad that works—that is effective—is one where the target audience responds as the advertiser intended.

# Current Developments

## Effectiveness and Awards Shows

- EFFIE awards recognize effective advertising.
- Others are advertising and marketing effectiveness (AME), Canada's Cassie Awards, and London-based Institute of Practitioner's Awards (IPA).
- Clios, the One Show, and the Cannes Lions Awards recognize creativity.





# The Truth about the *truth*® Campaign



- Did the campaign work for the client?
- What is the evidence that it worked?

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# Discussion Questions



# Discussion Question 1

- “I’ll tell you what great advertising means,” said advertising major Bill Slater during a heated discussion. “Great advertising is the ability to capture the imagination of the public—the stuff that sticks in the memory, like Aflac duck—that’s what great is.”
- Marketing major Phil Graham disagrees: “Bill, you missed the point. Advertising is a promotional weapon. Greatness in advertising means commanding attention and persuading people to buy something. No frills, no cuteness—great advertising has to sell the public and keep them sold.”
- How do you define effective advertising?

# Discussion Question 2

- You belong to an organization that wants to advertise a special event it is sponsoring.
- You are really concerned that the group not waste its limited budget on advertising that doesn't work.
- Outline a presentation you would make to the group's board of directors that explains advertising strengths and why they are important for this group.
- Then explain the concept of advertising effectiveness. In this situation, what would be effective and what wouldn't be? What are the kinds of effects you would want the advertising to achieve? How would you know if it works?

# Discussion Question 3

- ***Three-minute debate:*** In class, Mark tells the instructor that all this history of advertising stuff is irrelevant. The instructor asks the class to consider why it is important to understand the historical review of advertising definitions and advertising practices.
- What would you say either in support of Mark's view or to change his mind?
- Organize into small teams with pairs of teams taking one side or the other. In class, set up a series of three-minute debates in which each side takes half the time to argue its position. Every team of debaters must present new points not covered in the previous teams' presentations until there are no arguments left to present. Then the class votes as a group on the winning point of view.



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